

the coordination of national strategic petroleum reserves, is a national security asset that—

(A) protects the consumers and the economy of the United States in the event of a major disruption in petroleum supply;

(B) maximizes the effectiveness of the United States strategic petroleum reserve through cooperation in accessing global reserves of various petroleum products;

(C) provides market reassurance in countries that are members of the International Energy Program; and

(D) strengthens United States Government relationships with members of the International Energy Program.

(3) The International Energy Agency projects that the largest growth in demand for petroleum products, other than demand from the United States, will come from China and India, which are not members of the International Energy Program. The Governments of China and India vigorously pursue access to global oil reserves and are attempting to develop national petroleum reserves. Participation of the Governments of China and India in an international petroleum reserve mechanism would promote global energy security, but such participation should be conditional on the Governments of China and India abiding by customary petroleum reserve management practices.

(4) In the Western Hemisphere, only the United States and Canada are members of the International Energy Program. The vulnerability of most Western Hemisphere countries to supply disruptions from political, natural, or terrorism causes may introduce instability in the hemisphere and can be a source of conflict, despite the existence of major oil reserves in the hemisphere.

(5) Countries that are not members of the International Energy Program and are unable to maintain their own national strategic reserves are vulnerable to petroleum supply disruption. Disruption in petroleum supply and spikes in petroleum costs could devastate the economies of developing countries and could cause internal or interstate conflict.

(6) The involvement of the United States Government in the extension of international mechanisms to coordinate strategic petroleum reserves and the extension of other emergency preparedness measures should strengthen the current International Energy Program.

(b) ENERGY CRISIS RESPONSE MECHANISMS WITH INDIA AND CHINA.—

(1) AUTHORITY.—The Secretary of State, in coordination with the Secretary of Energy, should immediately seek to establish a petroleum crisis response mechanism or mechanisms with the Governments of China and India.

(2) SCOPE.—The mechanism or mechanisms established under paragraph (1) should include—

(A) technical assistance in the development and management of national strategic petroleum reserves;

(B) agreements for coordinating drawdowns of strategic petroleum reserves with the United States, conditional upon reserve holdings and management conditions established by the Secretary of Energy;

(C) emergency demand restraint measures;

(D) fuel switching preparedness and alternative fuel production capacity; and

(E) ongoing demand intensity reduction programs.

(3) USE OF EXISTING AGREEMENTS TO ESTABLISH MECHANISM.—The Secretary may, after consultation with Congress and in accordance with existing international agreements, including the International Energy Program, include China and India in a petroleum crisis

response mechanism through existing or new agreements.

(c) ENERGY CRISIS RESPONSE MECHANISM FOR THE WESTERN HEMISPHERE.—

(1) AUTHORITY.—The Secretary of State, in coordination with the Secretary of Energy, should immediately seek to establish a Western Hemisphere energy crisis response mechanism.

(2) SCOPE.—The mechanism established under paragraph (1) should include—

(A) an information sharing and coordinating mechanism in case of energy supply emergencies;

(B) technical assistance in the development and management of national strategic petroleum reserves within countries of the Western Hemisphere;

(C) technical assistance in developing national programs to meet the requirements of membership in a future international energy application procedure as described in subsection (d);

(D) emergency demand restraint measures;

(E) energy switching preparedness and alternative energy production capacity; and

(F) ongoing demand intensity reduction programs.

(3) MEMBERSHIP.—The Secretary should seek to include in the Western Hemisphere energy crisis response mechanism membership for each major energy producer and major energy consumer in the Western Hemisphere and other members of the Hemisphere Energy Cooperation Forum authorized under section 706.

(d) INTERNATIONAL ENERGY PROGRAM APPLICATION PROCEDURE.—

(1) AUTHORITY.—The President should place on the agenda for discussion at the Governing Board of the International Energy Agency, as soon as practicable, the merits of establishing an international energy program application procedure.

(2) PURPOSE.—The purpose of such procedure is to allow countries that are not members of the International Energy Program to apply to the Governing Board of the International Energy Agency for allocation of petroleum reserve stocks in times of emergency on a grant or loan basis. Such countries should also receive technical assistance for, and be subject to, conditions requiring development and management of national programs for energy emergency preparedness, including demand restraint, fuel switching preparedness, and development of alternative fuels production capacity.

(e) REPORTS REQUIRED.—

(1) PETROLEUM RESERVES.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Energy shall submit to the appropriate congressional committees a report that evaluates the options for adapting the United States national strategic petroleum reserve and the international petroleum reserve coordinating mechanism in order to carry out this section.

(2) CRISIS RESPONSE MECHANISMS.—Not later than 180 days after the date of the enactment of this Act, the Secretary of State, in coordination with the Secretary of Energy, shall submit to the appropriate congressional committees a report on the status of the establishment of the international petroleum crisis response mechanisms described in subsections (b) and (c). The report shall include recommendations of the Secretary of State and the Secretary of Energy for any legislation necessary to establish or carry out such mechanisms.

(3) EMERGENCY APPLICATION PROCEDURE.—Not later than 60 days after a discussion by the Governing Board of the International Energy Agency of the application procedure described under subsection (d), the President

should submit to Congress a report that describes—

(A) the actions the United States Government has taken pursuant to such subsection; and

(B) a summary of the debate on the matter before the Governing Board of the International Energy Agency, including any decision that has been reached by the Governing Board with respect to the matter.

SEC. 706. HEMISPHERE ENERGY COOPERATION FORUM.

(a) FINDINGS.—Congress makes the following findings:

(1) The engagement of the United States Government with governments of countries in the Western Hemisphere is a strategic priority for reducing the potential for tension over energy resources, maintaining and expanding reliable energy supplies, expanding use of renewable energy, and reducing the detrimental effects of energy import dependence within the hemisphere. Current energy dialogues should be expanded and refocused as needed to meet this challenge.

(2) Countries of the Western Hemisphere can most effectively meet their common needs for energy security and sustainability through partnership and cooperation. Cooperation between governments on energy issues will enhance bilateral relationships among countries of the hemisphere. The Western Hemisphere is rich in natural resources, including biomass, oil, natural gas, coal, and has significant opportunity for production of renewable hydro, solar, wind, and other energies. Countries of the Western Hemisphere can provide convenient and reliable markets for trade in energy goods and services.

(3) Development of sustainable energy alternatives in the countries of the Western Hemisphere can improve energy security, balance of trade, and environmental quality and provide markets for energy technology and agricultural products. Brazil and the United States have led the world in the production of ethanol, and deeper cooperation on biofuels with other countries of the hemisphere would extend economic and security benefits.

(4) Private sector partnership and investment in all sources of energy is critical to providing energy security in the Western Hemisphere.

(b) HEMISPHERE ENERGY COOPERATION FORUM.—

(1) ESTABLISHMENT.—The Secretary of State, in coordination with the Secretary of Energy, should immediately seek to establish a regional-based ministerial forum to be known as the Hemisphere Energy Cooperation Forum.

(2) PURPOSES.—The Hemisphere Energy Cooperation Forum should seek—

(A) to strengthen relationships between the United States and other countries of the Western Hemisphere through cooperation on energy issues;

(B) to enhance cooperation between major energy producers and major energy consumers in the Western Hemisphere, particularly among the governments of Brazil, Canada, Mexico, the United States, and Venezuela;

(C) to ensure that energy contributes to the economic, social, and environmental enhancement of the countries of the Western Hemisphere;

(D) to provide an opportunity for open dialogue and joint commitments between member governments and with private industry; and

(E) to provide participating countries the flexibility necessary to cooperatively address broad challenges posed to the energy supply of the Western Hemisphere that are